

Introduced by Senator Lieu

February 25, 2013

Senate Concurrent Resolution No. 15—Relative to financial literacy.

LEGISLATIVE COUNSEL’S DIGEST

SCR 15, as introduced, Lieu. Financial Aid and Literacy Month.

This measure would declare April 2013 as Financial Aid and Literacy Month to raise public awareness about the need for increased financial literacy.

Fiscal committee: no.

- 1 WHEREAS, Studies reviewed by the Library of Congress
2 indicate that United States retail investors lack basic financial
3 literacy, including a weak grasp of elementary financial concepts
4 and a critical lack of knowledge of ways to avoid investment fraud;
5 and
6 WHEREAS, Sixty-two percent of women and 53 percent of
7 men would have less trust in someone if they found out that the
8 prospective partner was in serious debt; and
9 WHEREAS, Sixty-eight percent of adults believe that sharing
10 the same attitudes toward managing money is the most important
11 factor in a relationship; and
12 WHEREAS, Sixty-nine percent of parents expect their children
13 to contribute financially to their college education, and the same
14 percentage of parents expect that they or their children will be
15 paying student loans off for at least five years after graduation;
16 and
17 WHEREAS, More than half of teenagers say they want to learn
18 more about how to manage their money, especially about basic

1 personal finance topics such as budgeting, saving, checking
2 accounts, and investing; and

3 WHEREAS, Fifty-six percent of United States adults admit that
4 they do not have a budget, and 77 million American adults do not
5 pay all of their bills on time; and

6 WHEREAS, Outstanding student loan balances increased to
7 \$956 billion as of September 2012, and the size of the average
8 student loan since 2005 has risen by 58 percent to \$27,253, with
9 a delinquency rate of 15.1 percent; and

10 WHEREAS, As of September 2012 about \$1.01 trillion of
11 American consumer debt is delinquent, with \$740 million seriously
12 delinquent; and

13 WHEREAS, There are 382 million open credit card accounts
14 and balances on these cards increased by approximately \$2 billion
15 in the third quarter of 2012; and

16 WHEREAS, Forty percent of low- and middle-income
17 households use credit cards to pay for basic living expenses such
18 as rent or mortgage bills, groceries, utilities, or insurance because
19 they did not have enough money in their checking or savings
20 accounts; and

21 WHEREAS, Nearly half of low- and middle-income households
22 carry debt from out-of-pocket medical expenses on their credit
23 cards, with the average amount of medical credit card debt being
24 \$1,678; and

25 WHEREAS, Approximately 11 percent of United States
26 consumers are unbanked, and another 11 percent are underbanked,
27 and these unbanked and underbanked individuals are more likely
28 than fully banked consumers to have lower incomes and be
29 younger, minority, female, unmarried, unemployed, and unwilling
30 to take financial risks; and

31 WHEREAS, The State of California leads the nation in terms
32 of personal debt per capita, and also leads the nation in the
33 delinquency status of debt balance per capita; and

34 WHEREAS, One-quarter of those participating in 401(k) plans
35 withdraw funds to cover nonretirement costs, such as school tuition,
36 mortgages, and credit card payments; and

37 WHEREAS, Forty-four percent of retired worker beneficiaries
38 who claimed social security benefits in 2011 were 62 years of age,
39 thus severely diminishing their overall benefits through the
40 remainder of their lives; and

1 WHEREAS, Nineteen percent of workers are not at all
2 comfortable in their financial preparations for retirement; and

3 WHEREAS, Twenty percent of workers and 12 percent of
4 retirees report their level of debt is a major problem; and

5 WHEREAS, In 2012, 62 percent of 45 to 60 year olds reported
6 at least a 20-percent decline in the value of their financial assets
7 since the start of the most recent recession, up from 42 percent in
8 2010; and

9 WHEREAS, Fifty-one percent of military families who have
10 completed a financial literacy program are more likely to feel
11 extremely or very financially confident when it comes to dealing
12 with financial matters than those who never completed a financial
13 literacy program; and

14 WHEREAS, Baby boomers who grew up in households where
15 parents talked about money management and saving for retirement
16 are significantly more likely to be financially prepared for
17 retirement (42 percent) than unprepared financially (29 percent);
18 and

19 WHEREAS, According to the 2012 Junior Achievement
20 USA/Allstate Foundation “Teens and Personal Finance” survey,
21 86 percent of teenagers turn to their parents for money management
22 advice, and yet just 56 percent of them think they will be as
23 financially well-off or better than their parents; and

24 WHEREAS, Only 24 percent of teenagers learn how to manage
25 money from teachers; now therefore, be it

26 *Resolved by the Senate of the State of California, the Assembly*
27 *thereof concurring*, That the Legislature hereby declares April
28 2013 as Financial Aid and Literacy Month to raise public awareness
29 about the need for increased financial literacy; and be it further

30 *Resolved*, That legislators, employers, schools, service groups,
31 community organizations, libraries, financial institutions, and the
32 media shall be encouraged to provide opportunities for financial
33 literacy education for all Californians through a variety of means
34 and to collaborate with members of the California Society of
35 Certified Public Accountants, the California Jump\$tart Coalition,
36 and others as they provide outreach and education; and be it further

37 *Resolved*, That the Secretary of the Senate transmit copies of
38 this resolution to the author for appropriate distribution.

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